



THE CITY OF SAN DIEGO

CITY OF SAN DIEGO

**CENTRAL COMMERCIAL
MAINTENANCE ASSESSMENT DISTRICT
ANNUAL UPDATE ENGINEER'S REPORT**

JUNE 2012

PURSUANT TO THE
LANDSCAPING AND LIGHTING ACT OF 1972, CALIFORNIA STREETS & HIGHWAYS
CODE

KOPPEL & GRUBER
PUBLIC FINANCE

334 VIA VERA CRUZ, SUITE 256
SAN MARCOS
CALIFORNIA 92078

T. 760.510.0290
F. 760.510.0288

City of San Diego

Mayor

Jerry Sanders

City Council Members

Sherri Lightner
District 1

Carl DeMaio
District 5

Kevin Faulconer
District 2 (Council President Pro Tem)

Lori Zapf
District 6

Todd Gloria
District 3

Marti Emerald
District 7

Anthony Young
District 4 (Council President)

David Alvarez
District 8

City Attorney

Jan Goldsmith

Chief Operation Officer

Jay M. Goldstone

City Clerk

Elizabeth Maland

Independent Budget Analyst

Andrea Tevlin

City Engineer

James Nagelvoort

TABLE OF CONTENTS

SECTION I. EXECUTIVE SUMMARY	1
SECTION II. BACKGROUND	2
SECTION III. PLANS AND SPECIFICATION.....	3
A. GENERAL DESCRIPTION OF THE DISTRICT	3
B. DESCRIPTION OF IMPROVEMENTS TO BE MAINTAINED AND SERVICES	3
C. DESCRIPTION OF MAINTENANCE AND SERVICES.....	4
SECTION IV. ESTIMATE OF COSTS	5
A. ESTIMATE OF COSTS TABLE.....	5
SECTION V. METHOD OF APPORTIONMENT.....	6
A. GENERAL	6
B. SPECIAL BENEFIT ANALYSIS	6
C. ASSESSMENT METHODOLOGY.....	7
D. ASSESSMENT RANGE FORMULA.....	10
SECTION VI. ASSESSMENT DIAGRAM.....	12
SECTION VII. ASSESSMENT ROLL.....	13

SECTION I. EXECUTIVE SUMMARY

Project: Central Commercial Maintenance Assessment District (“District”)

Apportionment Method: Lot Square Footage (“LSF”)
Linear Front Foot (“LFF”)
Land Use Trips (“Trips”)

Table 1 – Summary Information

Central Commercial	FY 2012	FY 2013 (1)	Maximum Authorized
Total Parcels Assessed:	431	430	
Total Estimated Assessment:	\$222,167	\$222,167	
Total Number of Units:			
LSF	2,878,736.00	2,878,736.00	
LFF	35,681.00	35,681.00	
Trips	20,453.14	20,453.14	
Unit Assessment Rate			
\$/LSF	\$0.0417	\$0.0417	\$0.0695
\$/LFF	\$1.7576	\$1.7576	\$2.9867
\$/Trips	\$1.9269	\$1.9269	\$3.2992
Estimated Assessment Revenue			
\$/LSF	\$120,043.29	\$120,043.29	
\$/LFF	\$62,712.93	\$62,712.93	
\$/Trips	\$39,411.16	\$39,411.16	

1. FY 2013 is the City’s Fiscal Year 2013, which begins July 1, 2012 and ends June 30, 2013. Total Parcels Assessed, Total Estimated Assessment, and Total Estimated Factors may vary from prior year due to parcel changes.

District History: The District was formed in 2000 in compliance with Proposition 218. A property owner ballot proceeding was conducted and a weighted majority (61%) of property owners, based on assessment amount, approved the assessments and the annual cost indexing provisions.

Annual Cost Indexing: The assessments are authorized to increase by the greater of the annual change in the San Diego Area Consumer Price Index (the SDCPI-U) or 5% of the previous year’s rate beginning in Fiscal Year 2001.

Bonds: No bonds will be issued in connection with this District.

SECTION II. BACKGROUND

A. Introduction

The Central Commercial Maintenance Assessment District was established by Resolution R-201471 of the City Council on August 8, 2000. The District was formed in compliance with the provision of Proposition 218. An assessment ballot proceeding was conducted and a weighted majority of property owners based on assessment amount were in support of the continuation of the assessments and services and improvements the assessments fund.

This report constitutes the Engineer's Report for the City of San Diego ("City") Central Commercial Maintenance Assessment District for Fiscal Year ("FY") 2013. The City Council pursuant to the provisions of the San Diego Maintenance Assessment District Procedural Ordinance of 1986 (the "Ordinance"), Landscaping and Lighting Act of 1972, Being Division 15, Part 2 of the Streets and Highways Code of the State of California, beginning with Section 22500 (the "1972 Act"), Article XIID of the Constitution of the State of California ("Article XIID"), the Proposition 218 Omnibus Implementation Act (Government Code Section 53750 and following) (the "Implementation Act"), and (the Ordinance, 1972 Act, Article XIID and the Implementation Act are referred to collectively as the "Assessment Law") desires to levy and collect annual assessments against lots and parcels within the District in the fiscal year commencing July 1, 2012 and ending June 30, 2013 to pay for the operation, maintenance and servicing of landscaping, lighting, public safety, vagrancy issues and all appurtenant facilities. The assessment rates set for 2012/2013 as set forth in this Engineer's Report do not exceed the maximum rates established at the time the District was formed, therefore, the City and the District are not required to go through a property owner ballot protest procedure in order to establish the 2012/2013 assessment rates.

Each lot or parcel within the District is assessed proportionately for only the improvements and services that are determined to be special benefit. For this report, each lot or parcel to be assessed, refers to an individual property assigned its own Assessor Parcel Number by the San Diego County ("County") Assessor's Office as shown on the last equalized roll of the assessor.

A Public Hearing will be scheduled where public testimony will be heard by the City Council. Following the conclusion of the Public Hearing, the City Council will confirm the Engineer's Report as submitted or amended and may order the collection of assessments for FY 2013.

SECTION III. PLANS AND SPECIFICATION

A. General Description of the District

The territory within the District consists of all lots, parcels and subdivisions of land as shown on the Boundary Diagram titled “Map of Proposed Boundaries of the City of San Diego Central Commercial Maintenance Assessment District” contained within this report in Section VI.

The District is located in the Southeastern San Diego Community Planning Area, Sherman Heights neighborhood situated along Imperial Avenue from Interstate 5 to 32nd Street; Commercial Avenue from Interstate 5 to 28th Street; National Avenue from 28th Street to 32nd Street; and all side streets in between Imperial Avenue and Commercial Avenue between Interstate 5 and 28th Street. The non-profit Central Commercial District Revitalization Corporation manages the District.

B. Description of Improvements to be Maintained and Services

The District, through the levy of special assessments, provides funding for ongoing maintenance, operation and servicing of landscaping, lighting, and other improvements or appurtenant facilities located within the public rights-of-ways and dedicated easements located within the District. Maintenance services will be provided by City personnel and/or private contractors. The improvements maintained and services provided by the District are generally described as follows:

- Public safety, security, and suppression of gang activity;
- Managing with homeless and vagrancy issues;
- Maintaining and beautifying the areas adjacent to the street rights-of-way, which are landscaped with groundcover, trees and shrubs;
- Graffiti removal;
- Tree planting and trimming;
- Regular sidewalk and street gutter sweeping;
- Operation of enhanced street lighting for pedestrian safety and encouragement;
- Administration/Corporate Operations/Outreach including;
 - District management
 - Overseeing of contract
 - Relations with City and Council office
 - Relations with property owners
 - Relations with Redevelopment Agency, and Community Planning Groups
 - Insurance
 - Legal and accounting
 - Office related expenses

Plans and specifications for these improvements to be maintained by the District are on file with the City Engineer's office and by reference are made part of this Report. These documents are on file with the City Clerk and the City Planning and Community Investment Department and are available for public inspection during normal business hours.

C. Description of Maintenance and Services

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of improvements, services and appurtenant facilities, including repair, removal or replacement of all or part of any of the improvements, services or appurtenant facilities; providing for the life, growth, health and beauty of the landscaping improvements including cultivation, drainage, irrigation, trimming, mowing, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste; the cleaning and sweeping of the sidewalk and gutter, collection and disposal of fallen branches and trees, tree and bush trimming, placement of street furniture, banner installation, security services, including homeless patrolling and reporting of security and safety problems to governmental agencies and the cleaning, sandblasting, and painting of walls, and other improvements to remove or cover graffiti.

Servicing means the furnishing of water and electricity for the irrigation of the improvements or appurtenant facilities including any decorative lighting and the furnishing of electric current or energy, gas or other illuminating agent for the lighting improvements. Servicing also allows for the replacement of the facilities in order to maintain them in proper working order and to provide specific benefit to the District; or providing security and homeless patrols and other activities related to maintaining security.

SECTION IV. ESTIMATE OF COSTS

A. Estimate of Costs Table

Below are the estimated costs of maintenance and services for the District including incidental costs and expenses, revenue and reserves.

Table 2– Estimate of Costs

	FY 2010/11	FY 2011/12	FY 2012/13
CENTRAL COMMERCIAL MAD	BUDGET	BUDGET	PROPOSED
BALANCE	\$157,515	\$100,000	\$50,000
Revenue			
Assessments	\$218,857	\$222,020	\$222,167
TOTAL OPERATING REVENUE	\$218,857	\$222,020	\$222,167
 TOTAL REVENUE AND BALANCE	 \$376,372	 \$322,020	 \$272,167
 Expense			
Personnel	\$0	\$0	\$0
Contractual	\$283,332	\$235,818	\$185,000
Incidentals / Administration ¹	\$63,354	\$56,000	\$55,000
Utilities	\$7,800	\$8,000	\$9,950
Capital Improvement Projects	\$0	\$0	\$0
Contingency Reserve ²	\$21,886	\$22,202	\$22,217
TOTAL EXPENSE	\$376,372	\$322,020	\$272,167
 BALANCE	 \$0	 \$0	 \$0

1. Includes City Administration Fee of 4%.

2. The contingency builds a reserve for the District for funding emergency needs and provides a source of funds to operate from July through December while waiting for County property tax distributions that typically occur in January and May.

SECTION V. METHOD OF APPORTIONMENT

A. General

The Implementation Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, which include the construction, maintenance, and servicing of street lights, traffic signals, landscaping and drainage facilities.

Streets and Highways Code Section 22573 requires that maintenance assessments be levied according to benefit rather than the assessed value.

“The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.”

In addition, Article XIID and the Implementation Act require that a parcel’s assessment may not exceed the reasonable cost for the proportional special benefit conferred to that parcel. Article XIID and the Implementation Act further provides that only special benefits are assessable and the City must separate the general benefits from the special benefits. They also require that publicly owned properties which specifically benefit from the improvements be assessed.

B. Special Benefit Analysis

Each of the proposed improvements and the associated costs and assessments within the District has been reviewed, identified and allocated based on special benefit pursuant to the provisions of the Assessment Law.

Proper maintenance and operation of landscaping, street trees and streetlights provides special benefit to adjacent properties by providing community character, security, safety and vitality. In addition, the improvements will enhance the ability of property owners to attract and maintain customers as well as increase the viability of commercial development.

Special Benefit

Parcels within the District receive a special benefit resulting from the maintenance and services and improvement provided with the assessments. Specifically the special benefits are summarized as follows:

- Improved cleanliness and maintenance of sidewalks used to access property in the District.
- Enhanced cleanliness and desirability of the area, including removal of litter and debris from sidewalks and other public facilities for the direct advantage of property in the District.

- Protection and improvement of views, scenery and other permanent public facility resources value for property in the District and preservation of public assets maintained by the District.
- Enhanced safety of property in the District and reduced liability risk.
- Improved illumination of property in the District.
- Improved access to property in the District due to cleaner and safer sidewalks and improved lighting.
- Improved nighttime visibility for the local access of emergency vehicles.
- Improved safety and traffic circulation to and from parcels.
- Increased deterrence of crime and aid to police and emergency vehicles.

General Benefit

The proceeds from the assessment will be used to fund enhanced improvements, services and activities within the District that, in absence of the assessment, otherwise would not be provided at an enhanced level or frequency of service. The District will continue to receive the same level of general services provided to the public at large under City-funded and administered programs, as determined annually, for maintenance of public facilities and improvements (e.g., street trees, sidewalks, street lights, etc.), including street sweeping and graffiti removal on public property.

The City provides the District with services, resources and contributions including, but not limited to street sweeping, landscape/tree maintenance (from the Gas Tax Fund, roadway and stormdrain improvement and maintenance, regular trash removal, graffiti removal, park maintenance and improvement, basic street lighting, traffic controls and public signage, street median, public safety (through the Police Department) and other public services and improvements. These City services are considered to be basic in nature, and subject to the City's budget and can be provided at a reduced level. The services provided by the District are enhanced over and above this basic service level. The general benefit from the services are determined to be minimal and are more than offset by the contributions the City provide to property in the District.

C. Assessment Methodology

To establish the special benefit to the individual lots and parcels within the District a formula that spreads the costs of the maintenance based on the special benefit must be established. The improvements have been reviewed and a formula has been established to apportion the maintenance costs based on special benefit.

The method of assessment established at the time of the District's formation is based on a combination of three factors; Lot Square Footage ("LSF"), Linear Front Footage ("LFF"), and the parcel's Trips by Land Use ("Trips") for each parcel located within the District. The table below defines these factors, the weighting of total assessment given to each factor, and the rationale for each factor.

Table 3 – Factors

FACTOR	WEIGHT¹	RATIONALE
Lot Square Footage (Size) (LSF)	50%	Measure of a parcel's proportionate LSF ownership or stakeholder interest in the community.
Linear Front Footage (LFF)	25%	Measure of a parcel's LFF share of the linear frontage of right-of-way enhancement/services.
Trips by Land Use (Trips)	25%	Measure of a parcel's proportionate contribution to the intensity of public right-of-way use. A Single Family Residential parcel is assigned 10 and other land uses are compared to this land use shown in Table 2 below.

1. The total assessment for each parcel is the sum of the assessment calculated by the application of each factor.

Lot Square Footage Factor

The Lot Square Footage (LSF) Factor is a measure of a parcel's proportionate area of ownership or stakeholder interest relative to the total area of the District, which is receiving enhanced and increased maintenance, beautification, and other property related services provided by the District. This factor has been weighted to provide a "target component" of 50% of the total assessment.

Linear Front Footage Factor

The Linear Front Footage (LFF) Factor is a measure of a parcel's proportionate share of the LFF of the total LFF length of the public right-of-way for which the District is providing enhanced and increased maintenance, beautification, and other property related services provided by the District. The LFF for each parcel has been limited to the total front footage of a parcel along the street for which the address of the parcel has been assigned. This factor has been weighted to provide a "target component" of 25% of the total assessment.

Trips by Land Use Factor

The Trips by Land Use (Trips) Factor is a measure of a parcel's proportionate contribution to the intensity of use of the public right-of-way. This intensity of use can be quantified by the number of trips a parcel generates to and from the public right-of-way. The standard and accepted document for establishment of the number of trips generated by a parcel is the "Trip Generation Manual" as approved by the City of San Diego in September 1998. The Trip Generation Manual bases trip generations on a rate of trips per residential dwelling unit, or per building square footage and/or lot acreage for the various classifications or non-residential land uses. The land use classification for each parcel within the District boundary has been identified and the number of daily trips generated by each parcel has been calculated. This factor has been weighted to provide a "target component" of 25% of the total assessment. However, due to the variation of land use intensity, this target component is not achievable. The actual land use factor was calculated such that the assessment on any parcel would not exceed that assessment which would result if the land uses were uniform and the total land use component would add up to the target component. For ease and reasonableness of calculation, land use trip generation rates have been grouped and averaged.

The following table summarizes the trip generation rates used for the assessment calculation.

Table 4 – Trips by Land Use Factor

Land Use	Code	Trip Factor
Single Family Residential	SFR	10 per dwelling unit
Multi-Family Residential	MFR	7 per dwelling unit
Commercial	COM	32 per 1,000 sq ft
House of Worship	HOW	9 per 1,000 sq ft
Industrial	IND	12 per 1,000 sq ft
Institutional	INST	14 per 1,000 sq ft
Parking Lot	PRK	0
Vacant	VAC	0

SAMPLE CALCULATIONS

As described above, assessments have been calculated for each parcel based the LFF of the property along the improvement/service corridor, the LSF and the Trips.

LSF = Lot Square Footage
LFF = Linear Front Footage
Trips = Trip Generation by Land Use

Shown below are calculations for various sample parcels.

- **Commercial Property with 190-foot frontage, 5,000 square feet of building on .16 acres**
LSF= 6,970 LSF
LFF = 190.00 LFF
Trips= 5,000 ÷ 1,000 x32 trips = 160 Trips
- **Multi-Family Residential property with 50-foot frontage, 4 units on .16 Acres**
LSF= 6,970 LSF
LFF = 50.00 LFF
Trips= 4 units x 7 Trips per unit = 28 Trips

The total assessment for each parcel in the District is based on the calculated LFF, LSF and Trips for the parcel and the applicable unit assessment rate, as shown in the following equation:

$\text{Total Assessment} = \text{LSF} \times \text{LSF Unit Assessment Rate} + \text{Total LFF} \times \text{LFF Unit Assessment Rate} + \text{Total Trips} \times \text{Trip Unit Assessment Rate}$
--

D. Assessment Range Formula

The purpose of establishing an Assessment Range Formula is to provide for reasonable increases and inflationary adjustment to annual assessments without requiring the District to go through the requirements of Proposition 218 in order to get a small increase. This Assessment Range Formula was approved by the property owners at the time the District was formed. If the budget and assessments calculated requires an increase greater than the adjusted Maximum Assessment, then the assessment is considered an increased assessment and would be subject to Proposition 218 balloting.

The maximum authorized assessment established in the Fiscal Year 2000 proceedings are authorized to be indexed (increased or decreased) annually by the factor published in the SDCPI-U or 5% whichever is greater. The annual change in second half SDCPI-U values, as compiled by the U.S. Bureau of Labor Statistics (see www.bls.gov), for the prior year

period was from 246.686 to 253.368 (a 2.71 % increase). In accordance with the approved cost-indexing provisions, the maximum authorized assessment rates contained within this Assessment Engineer's Report have been increased by 5.00%.

The Maximum Assessment is adjusted annually and is calculated independent of the District's annual budget and proposed annual assessment. Any proposed annual assessment is not considered an increased assessment, even if the proposed assessment is greater than the assessment applied in the prior fiscal year.

SECTION VI. ASSESSMENT DIAGRAM

The parcels within the Central Commercial Maintenance Assessment District consist of all lots, parcels depicted within the boundaries of the District. The District diagram reflecting the exterior boundaries of the District is on file with the City Clerk.

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF SAN DIEGO COUNTY
OF SAN DIEGO, CALIFORNIA, THIS _____ DAY OF _____, 20____

CITY CLERK _____

RECORDED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF SAN DIEGO
COUNTY OF SAN DIEGO, CALIFORNIA, THIS _____ DAY OF _____, 20____

CITY CLERK _____

AN ASSESSMENT WAS CONFIRMED AND LEVIED BY THE CITY COUNCIL OF THE
CITY OF SAN DIEGO ON THE LOTS, PIECES AND PARCELS OF LAND ON THIS
ASSESSMENT DIAGRAM ON THE _____ FOR FISCAL YEAR 20____ AND SAID
ASSESSMENT DIAGRAM AND THE ASSESSMENT ROLL FOR SAID FISCAL YEAR
WERE FILED IN THE OFFICE OF THE COUNTY AUDITOR OF THE COUNTY OF
SAN DIEGO ON THE _____ DAY OF _____, 20____
IN WITNESS WHEREOF, I HAVE HEREBY SIGNED TO THE FOREGOING ASSESSMENT ROLL
FOR THE EXACT AMOUNT OF EACH ASSESSMENT LEVIED AGAINST EACH PARCEL
OF LAND

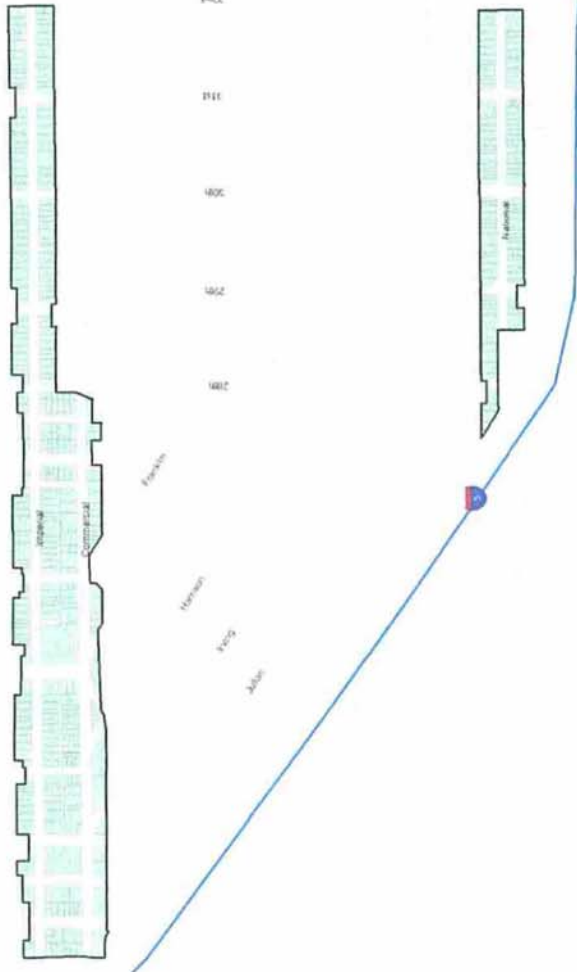
CITY CLERK _____

FILED THIS _____ DAY OF _____, 20____ AT _____
THE HOUR OF _____ O'CLOCK _____ IN THE OFFICE OF THE
COUNTY AUDITOR OF THE COUNTY OF SAN DIEGO, CALIFORNIA
AT THE REQUEST OF THE CITY OF SAN DIEGO CITY COUNCIL.

COUNTY AUDITOR, COUNTY OF SAN DIEGO _____

NOTE: REFERENCE IS HEREBY
MADE TO THE MAPS AND DEEDS
ON RECORD IN THE OFFICE OF
THE ASSESSOR OF THE COUNTY
OF SAN DIEGO AND TO THE
DESCRIPTION OF THE LINES AND
DIMENSIONS OF ANY PARCELS
SHOWN HEREIN. THOSE MAPS
SHALL GOVERN FOR ALL DETAILS
CONCERNING THE LOTS, PIECES
AND PARCELS OF LAND AND THE
DIMENSIONS OF SUCH PARCELS
EACH PARCEL IS IDENTIFIED IN
SAID MAPS BY ITS DISTINCTIVE
ASSESSOR'S PARCEL NUMBER.

Legend
Central Commercial MAD
District Boundary



NOTE:
FOR A DESCRIPTION OF THE LOTS OR PARCELS, REFER
TO THE COUNTY ASSESSOR'S MAPS AND ROLLS

CITY OF SAN DIEGO CENTRAL COMMERCIAL MAINTENANCE ASSESSMENT DISTRICT ASSESSMENT DIAGRAM

SECTION VII. ASSESSMENT ROLL

The assessment roll is a listing of the Fiscal Year 2013 Assessment apportioned to each lot or parcel, as shown on the San Diego County last equalized roll of the assessor and reflective of the Assessor's Parcel Map(s) associated with the equalized roll. A listing of parcels proposed to be assessed within this District is shown on the following table.

CITY OF SAN DIEGO

Central Commercial Maintenance Assessment District

Engineer's Report Fiscal Year 2013

This report has been prepared and submitted by:

C. Stephen Bucknam Jr. C 20903

Koppel & Gruber Public Finance

I, _____, as City Clerk of the City of San Diego, County of San Diego, California, do hereby certify that the Assessment as shown on the Assessment Roll, together with the Assessment Diagram, both of which are incorporated into this report, were filed in my office on the _____ day of _____, 2012.

Elizabeth Maland, City Clerk
City of San Diego
State of California

I, _____, as City Clerk of the City of San Diego, County of San Diego, California, do hereby certify that the foregoing Assessment as shown together with the Assessment Diagram incorporated into this report, was approved and confirmed by the City Council of said City on the _____ day of _____, 2012.

Elizabeth Maland, City Clerk
City of San Diego
State of California

I, _____, as City Engineer of the City of San Diego, County of San Diego, California, do hereby certify that the foregoing Assessment as shown together with the Assessment Diagram incorporated into this report, was recorded in my office on the _____ day of _____, 2012.

James Naglevoort, City Engineer
City of San Diego
State of California